

Meeting Session	Panel (Open Session)
Paper Reference	DCUSA_2024_1016_xx_DCMDG 79 Headline Report
Action	For Information

Distribution Charging Methodologies Development Group (DCMDG) Headline Report 79

1. Synopsis

- 1.1 This report sets out the headlines from the 79th DCMDG meeting held on 19 September 2024 via Microsoft Teams. The full minutes and associated papers are available on the DCUSA website.
- 1.2 This meeting was chaired by Dylan Townsend and the technical secretariat for the meeting was Alysson Peña.
- 1.3 A total of 29 industry participants dialled into the meeting.

2. Forward Work Plan and Issues Log

- 2.1 The group reviewed the DCMDG Forward Work Plan and Issues Log but there were no substantive comments raised during this item.

3. Ofgem Update

- 3.1 The Ofgem representative noted that there was not much in the way of an update on the DUoS SCR, but that Ofgem are going to provide some of the updates during the coming Charging Futures Forum regarding to the issues related to surplus residuals and are intending on also providing some direction of travel related to the DUoS SCR. Members noted that the CFF was scheduled for 02 October 2024.

4. Interpreting Schedule 32 and Capacity Charges

- 4.1 It was noted that an item had been raised for discussion by way of an email received from a DCUSA Party related to residual charges.
- 4.2 There were two key items for discussion, with the first seeking to understand if any other distributors had encountered a scenario where a site has reduced their capacity by more than the 50% needed to be considered for reallocation but that the reduction occurred in the period between the end of the 24 month averaging period and the start if the next price control period. The issue was that such sites wouldn't be captured under Paragraph 4.2A of Schedule 32 as this appears to relate solely to situations where a site has made the reduction and changed band during the 24 month averaging period. The question, therefore, was what the best course of action

would be for such a site, seeing as the customer would be reallocated to a lower band for the remainder of the current price control period but would then return to a higher band at the start of the next price control period. The second scenario was similar but related to sites that reduced their capacity by less than the 50% needed to be considered for reallocation but had made a reduction the most people would probably consider to be a substantial amount. Such a site would end up being locked into charges for a period of 8 years or so that, from the customer perspective would appear to not at all relate to the capacity they will hold over that period.

- 4.3 Members noted that the above scenarios are in part to do with Ofgem's decision to use a historical 24 month period on which to average a sites capacity but due to it being Ofgem's ultimate TCR decision, a change in this area would need to be considered with great care.
- 4.4 On the topic of the 50% materiality threshold applicable to the exceptional circumstances process, members views were that as 50% value was something decided by the DCUSA Working Group who were developing the required changes following Ofgem's TCR decision. It was therefore considered to be something that could be more easily amended if someone wanted to raise a change.
- 4.5 Members discussed whether or not moving away from the current 5-year period in which customers remain in bands to something more dynamic was desirable/feasible and considered that there were two key points that are relevant, with the first being related to using a sites MIC at a point in time, noting that it would probably be quite doable as capacity changes can only occur once a year. The second point was that it likely wouldn't make sense to implement something like that as it would effectively be the same as a capacity based charge, and thus banding could be done away with altogether in that instance. It was noted that the final point would, in effect, also equate to the undoing the TCR. A more dynamic approach would also pose problems for sites that are banded based on their consumption, rather than a MIC.

5. MHHS Update

- 5.1 The Chair noted that DCP 445 'Implementation of Market-wide Half Hourly Settlement (MHHS) Arrangements' had been submitted by Ofgem on 04 September 2024 and that it was put before the DCUSA Panel during their meeting on 18 September 2024. During their meeting on 18 September 2024, the DCUSA Panel agreed to progress DCP 445 directly to the Change Report phase which was in line with Ofgem's desired timetable. Members noted that the Change Report will be drafted and submitted back to the DCUSA Panel during their meeting on 16 October for agreement that it can be issued to Parties for voting.
- 5.2 One member explained that MHHS Change Request 55, was to be released by the programme on the Monday following the DCMG meeting and that it was effectively looking to shift the current milestones out by 5 months and that could well mean things shift in terms of timelines for both MHHS but also for the associated prerequisite changes in this space, such as DCP 414 which is approved but because BSC modifications P432 and P434 are pinned to the relevant milestones, that any changes to those milestones would reflect the dates that the requirements of those modifications become effective.

6. Private Networks Subgroup Update

- 6.1 The Chair noted that the intent will be to have what will likely be one final meeting to close off discussions for now but that this had not yet happened due to periods of annual leave
- 6.2 The Chair also highlighted that BSC modification P455, had recently been approved by Ofgem. The Chair explained the P455 was raised subsequent to a BSC Sandbox Derogation from Emergent Energy, who are also progressing through a second Sandbox Derogation that links into DUoS charges for private networks but is not itself a direct DCUSA Sandbox Derogation, rather, a licence derogation for their partner company, a DNO.
- 6.3 In terms of how this impacts the work of the subgroup, the Chair noted that if and when Emergent Energy raise a change proposal, then it would be seeking to introduce an additional arrangement to the three existing metering arrangements (being Shared, Difference and Full Settlement). Therefore, the sub-group would need to be mindful of this but it doesn't really change the fact that the three original arrangements need to be dealt with. It was further noted that the Sandbox trial is designed to only apply to microgrids with domestic and potentially small non-domestic customers on site and doesn't cover larger sites.

7. 'Annual Allocations Review (AAR) Lessons Learnt' Subgroup Update

- 7.1 The Chair noted that whilst there had been in a delay in progressing those discussions, he had taken another form of action that would hopefully assist, being that an email had been circulated to Parties explaining to DNOs/IDNOs what their obligations were and to inform Suppliers about the data they had or would shortly be receiving.
- 7.2 Members , noted that data is still being received in an inconsistent manner and although too late for this year, explained that it will need to be carried out next year and so it would be prudent to finalise the discussions started within the subgroup. Members considered that the inconsistency seen may relate to not all Parties having the template which had been agreed by the DNOs as something to use for the process but which had not been agreed as a formal requirement when the change was discussed.
- 7.3 Members discussed whether or not it was appropriate for DNOs/IDNOs to include a field which set out the effective from date for the change to banding and/or the LLFC. It was noted that at least one IDNO had raised a concern outside of the DCMDG that having to share that information when it wasn't mandated might put them in breach of data protection laws, and their preference was to only supply what was described in the DCUSA. It was noted that the IDNO was of the view that if the information was helpful, then a change proposal to be raised to mandate that being sent as well.
- 7.4 Some members agreed that the effective from date is helpful as it gives Supplies a bit more sight in terms of any changes they may or may not need to take into account for their customers.
- 7.5 There was also a discussion on when Parties should be expecting the changes to the relevant items to be reflected in industry systems. It was noted that without clarity in the legal text or a subsequent guidance note that this leaves Parties in a position of not knowing what to do in the scenario where they have been notified of a change to a sites band but industry systems have not

been updated. It was believed that this was the result of there not being a defined process on what happens in that scenario.

- 7.6 Members discussed whether there should be guidance documentation produced as part of changes like this.
- 7.7 The Chair summarised the discussion, noting that what he'd heard was a useful reminder and also something for Working Group members to maintain an awareness of, that in the event of a change seeking to obligate data to be provided by one Party to another that there really ought to be a prescriptive process for doing so. Having exact requirements and/or templates held on the DCUSA website and referenced in the legal text would avoid similar situations in the future.
- 7.8 Members discussed a separate point related to MPANs that had been allocated based on volumes, either using P0222 data or using the 12 month metered volumes for Measurement Class G sites and where the site had appeared in one data set for part of the period but moved to being within the other data set for another part of the period. It was explained that it wasn't clear what to do when it comes to the Annual Allocation Review as the DCUSA only sets out to use one set of data for the review process. Members concluded that paragraphs 6.8 and 6.9 in Schedule 32 are too restrictive on what data can be used. It was noted that a simple change could be raised to amend the legal text to state that where this occurs, one set of data can be prioritised over the other but that if that's not available, then to use the other.

8. Any Other Business (AOB)

- 8.1 A member raised an AOB item which had two parts, with the first part being around what contact information Suppliers need to provide to customers for as per the requirements that were implemented as a result of DCP 414. It was noted that the requirement was for DNOs/IDNOs to provide contact details to Suppliers for the purposes of giving this information to customers so that they are able to contact the DNOs/IDNOs in order to have a conversation about setting the import capacity associated with their site. The member went on to explain that they had received very few confirmations from the DNOI/IDNO community in this regard but didn't want to just assume that they could utilise whatever information was listed in the DNOs/IDNOs charging statements.
- 8.2 The Chair suggested that if there is a requirement in the DCUSA for DNO's and IDNOs to provide this information to Suppliers, then this really ought to be done and that by the sounds of it, Suppliers would appreciate it. The Chair noted that if anyone had any questions or concerns and didn't feel comfortable raising it during the meeting then to contact him or the DCUSA helpdesk.
- 8.3 The second part of the AOB item, was related to the requirement for Suppliers to provide customer contact details for customers impacted by P432 to the DNOs/IDNOs. The member explained that the text in the DCUSA is a little vague as to exactly how this should be done but that one idea, was that Suppliers just update the customer contact information via the relevant industry data flows and that the DNOs/IDNOs could then pick this information up from those flows.
- 8.4 Some members disagreed with this interpretation, and noted that an issue had been raised and discussed at a meeting of the Standing Issues Group on this exact topic. It was noted that that the net result of that SIG discussion was that Parties were of the view that the text was clear enough

and the expectation was for Suppliers to provide the customer contact details via a separate process.

- 8.5 The Chair suggested that one way forward would be for the DCUSA Code Administrator to send an e-mail to Suppliers, DNOs and IDNOs just to clarify, both sets of obligations and to confirm then if any Parties have questions or concerns, then they can contact the DCUSA helpdesk for further information.

9. Date of Next Meeting

- 9.1 The next DCMDG meeting will be held on 17 October 2024 via Microsoft Teams / Teleconference.

10. Actions

- 10.1 The DCUSA Panel is invited to:

- **NOTE** the contents of this Paper.

Dylan Townsend
Governance Delivery Manager